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SUBJECT: MEDIA REACTION: U.S.-CHINA-TAIWAN

Summary: Taiwan's major dailies November 28 focused on a meeting of six high-ranking prosecutors, in which they reached an agreement that prosecutors will apply regulations loosely in investigations of special allowance cases. The other major focus is the rise of the TAIEX stock index, which closed at 7,498 points on Monday, up 0.95 percent and at its highest level in more than six years, after a private equity consortium led by the Carlyle Group said it was planning to make a US\$5.5 billion bid for Advanced Semiconductor Engineering.

In terms of editorials and commentaries, the English-language, pro-independence "Taiwan News" editorialized that since Central American governments cannot ignore Washington's attitude toward China's expanding presence in Latin America as well as the importance of the U.S.-promoted Central American Free Trade Agreement (CAFTA), there is room for Taiwan to lobby the U.S. to improve economic attractiveness of such schemes as CAFTA and thus undermine efforts by China to position itself as an alternate economic pole in the region. End summary.

A) "Respond Positively to Ortega's Victory"

The pro-independence, English-language, "Taiwan News" [circulation: 20,000] editorialized (11/28):

"Speculation in the media has been rife that Nicaragua's left-wing president-elect Daniel Ortega, who was elected with a 38.7 percent plurality, would shift Managua's ties from Taiwan and establish diplomatic relations with the People's Republic of China.

"Such speculation was grounded in both the long-term 'revolutionary' relations between Ortega's Sandinista National Liberation Front and Beijing's ruling Chinese Communist Party as well as the rise of China's economic and political influence in Latin America and globally.

"Ties between Taiwan and most of its Central American allies have their roots in Cold War 'anti-communist' alliances sponsored by the United States when Washington enlisted the authoritarian and (at that time) rabidly anti-Communist Kuomintang regime as an ally against numerous movements for social justice and national liberation in the region. ...

"... In the wake of the end of the Cold War, Taiwan shifted to focus on 'money diplomacy' through direct assistance and support for Taiwanese investors in the region. ...

"... However, the intensifying economic and political clout of the PRC is clearly capturing attention among media, politicians and business executives in Nicaragua and other Central American nations.

"... In terms of 'money diplomacy' or official assistance or resources investment, Beijing now can outbid Taipei, whose Democratic Progressive Party government under President Chen Shui-bian has at least officially foresworn 'checkbook diplomacy' and is in practice hamstrung by the Legislature.

"... [T]he rapid rise of bilateral trade between the PRC and Central American nations is fostering greater economic interdependence. When combined with the PRC's domination of political links with South American countries, Taiwan's diplomatic situation in Central America is now becoming quite worrisome.

"Despite justified resentment over U.S. hegemonism, Central American governments, no matter what their political complexion, cannot ignore Washington's attitude toward the PRC's expanding presence in this region as well as the importance of the U.S.-promoted Central American Free Trade Agreement (CAFTA).

"Moreover, Taiwan's long-term contributions to this region have also earned considerable public support, and Taipei's financial and technological assistance has been crucial to Nicaragua's economic development. ...

"... While it is unrealistic and improper for Taipei to expect Washington to protect our diplomatic links in Central America, there is room for Taiwan to lobby the U.S. to improve the economic attractiveness of such schemes as CAFTA and to modify the agreement in ways that can ease widespread opposition to the pact and thus undermine efforts by China to position itself as an alternate economic pole.

"Moreover, Taiwan needs to articulate its own autonomous economic and political strategy for relations with Central America."

YOUNG